



**Asia-Pacific
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APEC Information Privacy Principles in the Development of Outsourcing Business: Contact Center in Peru

Submitted by: Peru



**Technical Assistance Seminar on International
Implementation of the APEC Privacy
Framework
Lima, Peru
19-20 February 2008**

APEC Information Privacy Principles in
the development of Outsourcing
Business:
CONTACT CENTER IN PERU

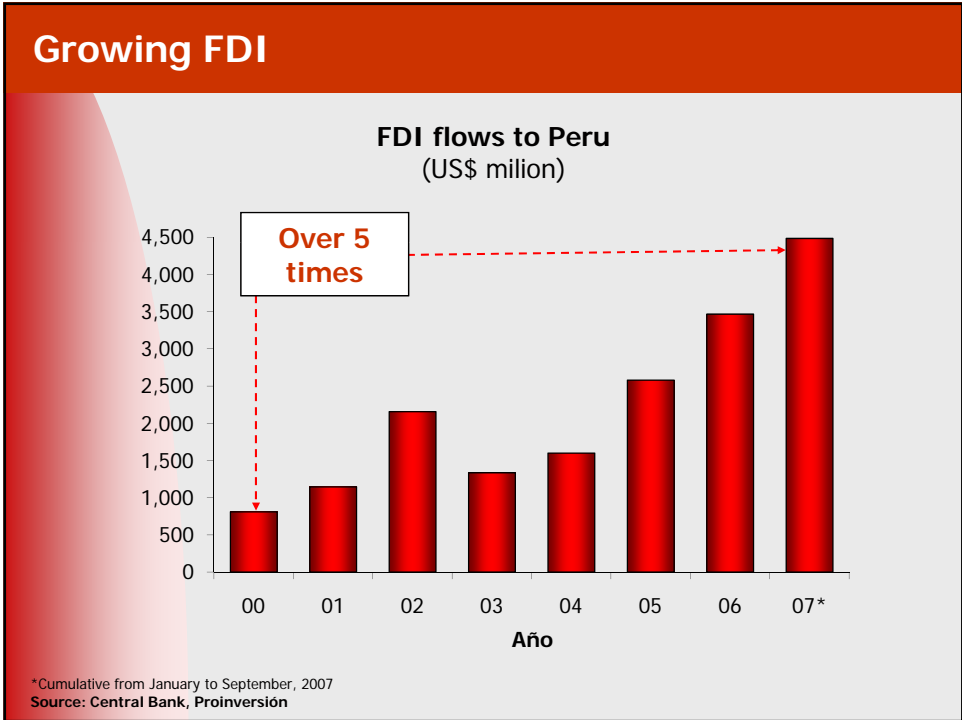


Harry Chang
Chief Investment Promotion

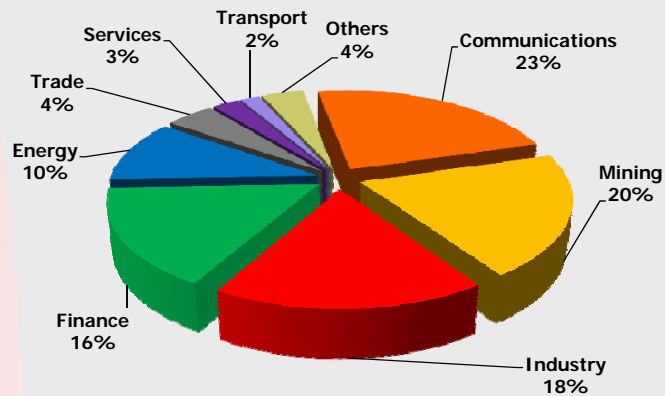
ProInversión
APEC Feb 2008

Agenda

1. Foreign Investment in Peru – Legal Framework
2. Development of the Outsourcing Business. Contact Center in Peru.
3. Peru: Business Hub in Contact Centers: Private and Public Institutions Commitment.
4. Data Protection Law and APEC Information Privacy Principles



FDI Stock by destination sector, 2007 (%)



Source: Central Bank, ProInversión

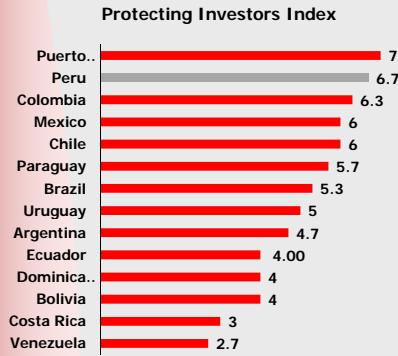
Peru offers a favorable legal framework for foreign investment ...

- Non discriminatory treatment.
- Unrestrictive access to most economic sectors.
- No performance requirements.
- Free transfer of capital.
- Free competition.
- Guarantee for Private Property
- Freedom to purchase stocks from locals.
- Freedom to access internal and external credit.
- Freedom to pay royalties.
- Network of investments agreements and member of ICSID and MIGA

Legal Framework: Constitutional provisions, "Law for the Promotion of Foreign Investment", Legislative Decree N° 662, "Framework Law for Private Investment Growth", Legislative Decree N° 757, "Law for the Promotion of Private Investment in Infrastructure and Public Service Works", Approved by Supreme Decree N° 059-96-PCM

According to a World's Bank survey and World Economic Forum:

Peru stands second in the Latin America region in protecting investors, and 15th in the World



Source: Doing Business 2008.

Peru is first in the region for government readiness for private investment

Position	Country	Points
1	Peru	5.8
2	Colombia	5.6
3	Chile	5.5
4	Uruguay	4.8
5	El Salvador	4.6
6	Bolivia	4.5
7	Brazil	4.2
8	Dominic. Rep.	4.2
9	Mexico	4.1
10	Guatemala	4.0
11	Venezuela	3.2
12	Argentina	3.1

Source: World Economic Forum, Benchmarking National Attractiveness for Private Investment in LA Infrastructure. 2007



Development of Outsourcing Business: Contact Centers

BACKGROUNDS



- **18% of young people in Lima does not study and have an informal job, reported the WLO.** This report informs that almost 300 thousand young people in Peru is jobless. This means that 10% of Peruvian labor force from 15 to 24 years old is unemployed.
- The service sector is a dynamic and fast growing sector that generates many jobs, especially TI-related jobs.
- The highest impact of investments is shown in the generation of jobs.

Contact Center: Opportunity to generate thousands of jobs.....

- There are approximately **15,000** installed and available sites in Peru (30% in house), growing at an average **30% per year.** However, there is still idle capacity during the night shift. The purpose is to provide this service to Europe and Asia.
- A report by a US consultant "Datamonitor" reveals that the number of teleoperator positions at Latin American and the Caribbean contact centers will grow from **336,000 in 2003 to 730,000 in 2008.** The highest growth rate worldwide.

Country	Direct jobs
Colombia	40,000
Argentina	50,000
Chile	30,000
Mexico	250,000
Spain	200,000
Peru	30,000



Public - Private Commitment



- Government priority on creating jobs. (Well paid, legal benefits package, good working environment, job tenure).
- 19% Value Added Tax (IGV) for call center export service eliminated in 2006 thanks to joint effort of local Contact Centers and public sector (MINCETUR, PROMPERU, PROINVERSION).

Perú: “Business HUB for Contact Centers”

Investment Promotion Program seeks to change current Peru's comparative advantages into sustainable competitive advantages, in order to place Peru as a sound platform for the exportation of contact centers services, generating thousands of jobs.

Benefits of Contact Centers sector for Peru

- 1 — Increase of investments
- 2 — Generation of jobs
- 3 — Main labor force: college students
- 4 — Ongoing Professional Training
- 5 — Labor Opportunity
- 6 — Improve work conditions
- 7 — Services Exportation
- 8 — Decentralization of investments



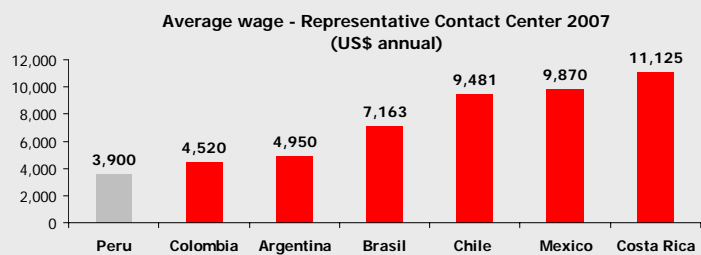
Peru: Business Hub for Contact Centers



Why invest in Peru?

5 important reasons for the growth of Peru's Contact Centers:

- a. Lower labor costs and labor flexibility (60% operating cost)
- b. Quality and experience of Peruvian labor
- c. Neutral voice tone (Spanish)
- d. Technological requirements
- e. Real Estate: Lower costs



Source: Economist Intelligence Unit, pay scale 2007. Telemarketing Argentina

ProInversión: Strategic Plan

The Investment Promotion Program for Contact Centers is based on 5 parallel work schemes:



1. Removal of Barriers for the development of this sector:
 - Removal of VAT for the exportation of Contact centers service (March 2006)
 - **Personal Data Protection Law.**
2. Foreign Investment attraction campaign for contact centers.
3. Creation of a Peruvian Association of Contact Centers – APECCO
4. Decentralization of contact centers.
5. Generation of business clusters in contact centers and training programs

Contact Centers that invested in 2007

Company	Country	WEB	Invest. US\$*	Direct Job*
1. GSS	Spain	www.grupogss.com	3,000,000	1,000
2. Lexiconmarketing	USA	www.lexiconmarketing.com	4,000,000	1,000
3. Vidisa	Spain	www.vidisa.com	300,000	270
4. Digitex	Spain	www.digitex.es	1,000,000	1,000
5. Avante	Spain		400,000	400
6. Multivoice	Argentina	www.grupomultivoice.com	600,000	600
7. Telemark Spain	Spain	www.telemark-spain.com	3,000,000	1,000
TOTAL			12,300,000	5,270

* Estimated

Personal Data Protection Law

Draft of the Personal Data Protection Law which purpose it to elaborate a whole legal framework that guarantee the right to protect personal data.



Purposes:

- To guarantee the protection and appropriate use of personal data.
- To create a reliable environment to foster a fluid exchange of data (commercial services) with developed countries.
- To increase Peruvian competitiveness for the attraction of investments in Outsourcing Business.

Criteria: APEC Information Privacy Principles

- a. To develop appropriate privacy protections for personal information.
- b. Implementation of security measures for effective data protection.
- c. Organization in charge of the enforcement of the pertaining legislation.

Data Protection

- ❑ Percentage of companies that carry out formal risk studies
 - Brazil : 70%
 - Venezuela : 71%
 - Peru : 66%
- ❑ Percentage of companies with information security systems:
 - Peru : 93%
 - Argentina : 88%
 - Brazil : 85%
- ❑ Barriers found in Peruvian companies that hinder the implementation of information security projects:
 - Not enough funds (52% of the cases)
 - Not enough specialists (30% of the cases)

Source: Ernst & Young. Global Survey on Information Security

